



Environmental Services Division
Energy and Waste Management Bureau

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GASOLINE DEMAND AND PRICES VOLATILE AFTER HOLIDAY

DES MOINES — According to the Iowa DNR's Jan. 15, 2004 fuel price survey, gasoline prices are \$0.14 higher than one month ago, averaging \$1.56 for a gallon of self-serve, regular unleaded gasoline. The price increase was due to higher crude oil prices and market speculation. Currently gasoline supply is relatively comfortable and demand is low. However, market traders continue to bid up the price of gasoline based on fears of future short supply in the spring and summer and strength in crude oil, heating oil and natural gas prices.

"Although our gasoline supply is currently strong and demand is low, prices will remain vulnerable to market speculation," said Jennifer Moehlmann, DNR energy analyst.

According to the Jan. 15 survey, prices across the state ranged from \$1.45 to \$1.65 per gallon and are \$0.17 higher than this time last year. Retail conventional unleaded gasoline prices in Iowa are \$0.02 higher than the national and regional averages of \$1.54 per gallon.

The average price for regular unleaded with ethanol was \$1.54 per gallon. Ethanol-blended gasoline currently represents 63.9 percent of the market share.

Crude oil finished trading on Jan. 16 at \$35.08 per barrel, \$1.70 more than last month. One year ago, crude was \$33.93 per barrel. Crude oil prices have risen upon trader concerns regarding levels of supply. National crude oil inventory is at 264 million barrels, 3 percent lower than the previous year and below the normal range. The DNR expects crude oil prices to remain volatile while U.S. inventories are relatively low, with prices ranging between \$32 and \$36 per barrel.

The average price of self-serve diesel fuel on Jan. 15 was \$1.56, up \$0.06 from last month and \$0.04 higher than the regional average of \$1.52 per gallon. Diesel fuel was \$1.51 per gallon one year ago.

Propane

The Jan. 12 survey found the average retail price of propane was \$1.09 per gallon. This is \$0.06 higher than the previous month and 21 percent above the retail price of propane at this time last year (\$0.90 per gallon). The Iowa average retail propane price is \$0.25 below the regional average of \$1.34. Midwest propane inventories are 14 percent higher than last year at this time and are in the normal range of the five-year average.

Traditionally, propane prices begin to rise during cold weather, hitting their peak in late winter. Propane prices are also tied to crude oil and natural gas price trends.

Heating Oil Prices

The Jan. 12 survey found the average retail price of No. 2 heating oil was \$1.18 per gallon. This is \$0.03 higher than last month and 4.4 percent above the price of heating oil at this time last year (\$1.13 per gallon). The Iowa average retail heating oil price is \$0.14 below the regional average of \$1.32. Midwest heating oil inventories are the same as at this time last year and are in the normal range of the five-year average. Traditionally, heating oil prices begin to climb in the fall, hitting their peak in late winter.

Natural Gas

Natural gas closed at \$5.51 on Jan. 16, \$1.15 lower than last month and 1.8 percent lower than one year ago. The DNR expects natural gas prices to remain volatile and trade based on the weather forecast, with colder temperatures increasing prices and warming trends decreasing prices. Consumers are expected to pay 10 to 30 percent more for natural gas this winter, but that number could change if the winter is significantly colder or warmer than normal.

MOTOR FUELS SURVEY

Self-Serve	December 15	January 15	Change
Regular Unleaded	1.42	1.56	+0.14
Regular Unleaded with Ethanol	1.39	1.54	+0.15
Premium Unleaded	1.53	1.67	+0.14
Diesel	1.50	1.56	+0.06
Full-Serve	December 15	January 15	Change
Regular Unleaded	1.70	1.78	+0.08
Regular Unleaded with Ethanol	1.65	1.74	+0.09
Premium Unleaded	1.85	1.86	+0.01
Diesel	1.59	1.54	-0.05

HEATING FUELS SURVEY

	December 15	January 12	Change
Propane	1.03	1.09	+0.06
#2 Heating Oil	1.15	1.18	+0.03
Natural Gas	6.66	5.51	-1.15

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	December 15	January 15	Change
Ames	1.43	1.59	+0.16
Cedar Rapids	1.43	1.49	+0.06
Council Bluffs	1.36	1.54	+0.18
Davenport	1.35	1.52	+0.17
Des Moines	1.41	1.59	+0.18
Dubuque	1.43	NR	
Fort Dodge	1.43	1.52	+0.09
Iowa City	1.43	1.56	+0.13
Sioux City	1.34	1.55	+0.21
Waterloo	1.30	1.55	+0.25
Webster City	1.47	1.65	+0.18

Average Metro Price	1.41	1.54	+0.13
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AVERAGE SELF-SERVE UNLEADED PRICES IN RURAL IOWA

	December 15	January 15	Change
Northeast	1.38	1.55	+0.17
Northwest	1.41	1.58	+0.17
Southeast	1.41	1.56	+0.15
Southwest	1.46	1.57	+0.11
Rural Area Average	1.41	1.56	+0.15

WHOLESALE PRICES IN METROPOLITAN AREAS AROUND IOWA

Unleaded (cents per gallon)	December 11	January 8
Des Moines	88.54	100.55
Dubuque	88.92	101.18
Diesel Fuel (cents per gallon)	December 11	January 8
Des Moines	90.93	95.12
Dubuque	91.73	95.61